



# ESG scores points with gaming customers

Insights from our latest survey can help online gambling platforms, land-based casinos, and others across the gaming ecosystem maximize impact from their ESG strategies



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# Preface

Environmental, social, and governance (ESG) issues have become a top consideration for companies across all sectors. However, in the gaming industry to date, it hasn't been clear how much customers know or care about ESG at the online gaming and sports operators they play with, or the casinos they frequent. So, we asked them.

To inform our survey, we spoke with gaming operators, industry researchers, and other stakeholders across the industry and developed five key themes for our questions:

- The importance of ESG to gaming customers in buying decisions.
- If and how they apply ESG principles to choosing gaming companies, in particular.
- Awareness around gaming operators' ESG efforts.
- Familiarity and thoughts on the safer gambling agenda and responsible gaming (RG) tools.
- Consumer views on gambling advertising and data privacy.

Within each of these themes, we looked for differences among customer responses according to three "G's": gambling status, generation, and geography.

We found that gaming customers' brand decisions are influenced by an operator's adherence to ESG principles, especially ethical behavior. At the same time, their awareness of operator ESG strategies, including player protection, is not as high as it could be. Findings are consistent across geographies in most areas, with some important differences—especially attitudes toward gambling advertising—that reflect differences in industry maturity, regulation, and culture.

The scope of ESG matters that companies are expected to address is considerable. Knowing what's most important to gamblers can help operators focus investment and resources on the areas of greater impact.

## About the survey

KPMG LLP (KPMG) conducted an online consumer survey in June 2022 to better understand views regarding ESG-related factors in gaming, casino play, and sports betting. The survey collected more than 1,500 responses from consumers in the United States, United Kingdom, and Canada, including those who have gambled (both online and in-person) and those who have not. For the purpose of this survey, gamblers are defined as those who say they have gambled within the last six months. Respondents represented a wide mix of sociodemographic factors.

# Key insights

## Gaming customers connect values with buying decisions

Consumers increasingly want to give their business to companies demonstrating strong ESG principles. The results of our survey confirm that many gamblers behave in line with this macro trend, determining where and with whom to play based on how operators bring ESG to life in their organizations. The gaming industry's future customers, the younger generations, are even more likely to factor ESG into their spending decisions.



**49%** of gaming customers factor ESG into deciding where to place their bets.



**46%** of gaming customers say ESG is even more important for deciding where to gamble than in making other buying decisions.

## Ethics: The biggest “E” in ESG for gaming companies

Gamblers believe the gaming industry should prioritize ethical behavior, in contrast to the ESG issue they think is most important for all other industries to address: energy and emissions. Customer demand for operator attention to health and safety remains high since the pandemic. Impact on the community and employees rounds out the top ESG principles that customers want the industry to uphold.



**50%** of gaming customers believe that ethical behavior is the most important ESG principle for gaming operators to uphold.



**60%** of gaming customers know little or nothing about how gaming companies have implemented ESG.

## The gap between customer interest and ESG awareness

While ESG is important to many gamblers, they often don't know how gaming operators are implementing principles into their organizations. With increased ESG reporting requirements, more companies are disclosing ESG goals and measures, but the details may not be reaching customers who would use the information to make spending decisions.



**45%** of those who gamble consider an operator's responsible gaming approach before deciding to play.

## Responsible gaming tools: An opportunity to expand usage

Customers want to gamble with an operator that is “doing the right thing,” and they choose where to play based in part on an organization's player protection approach. Most gamblers have tried at least one responsible gaming tool, and deposit limits are the most used and valued. Still, nearly half of gamblers don't know what tools are available and more than a third aren't using them at all, suggesting operators should continue to improve the awareness of widely available protections.

## Hot topics getting hotter: Advertising and data practices

Gambling advertising is becoming ubiquitous, attracting the attention of policymakers and regulators focused on consumer protection. However, most gamblers don't see many issues, so far they're fine with the volume and the message (more so in the U.S. than the UK). Advertising has more impact on brand choice than the desire to gamble, but the greatest influence on gamblers isn't advertising at all—it is event driven.

01

# Gaming customers connect values with buying decisions

Major players in the gaming industry generally agree that adherence to ESG principles improves access to the capital markets and helps attract and retain talent, in addition to meeting regulatory expectations. How much their customers value ESG when deciding where to gamble was not as well known until now.

## ESG is a broad influence on the purchasing decisions of more than one-third of gaming customers.

Consumers increasingly prefer to spend money with companies that share their values, and on products and services that take ESG issues like environmental and social impact into account. This shift in customer behavior permeates industries and customer segments, including 37 percent of gamblers surveyed who think about ESG practices when spending money in general.

Companies across all sectors are experiencing increased consumer interest in their ESG practices since the pandemic spawned an awakening about the need to drive greater sustainability and improve health and wellness.<sup>i</sup> As is widely reported, buyers are responding to a variety of corporate social responsibility (CSR) and ESG subtopics. For example:

- Seventy-seven percent of consumers are motivated to purchase from companies committed to making the world a better place.<sup>ii</sup>
- Consumers increasingly care more about a company's environmental impact (71 percent), social responsibility (68 percent), and benefit to the community (68 percent) than price (44 percent).<sup>iii</sup>

\* Respondents were provided with a definition of ESG prior to providing survey responses

<sup>i</sup> NielsenIQ, "Progressing with Purpose." (2022)

<sup>ii</sup> 2019 AFLAC CSR Survey

<sup>iii</sup> Clutch, "How Corporate Social Responsibility Influences Buying Decisions." (January 7, 2019)

## ESG is an even bigger factor in the gaming brands gamblers select compared to other purchases.

When presented with ESG factors in gaming, half of all gaming customers consider ESG principles\* in making decisions about where to gamble, including related factors such as an operator's track record on responsible gaming and diversity, equity, and inclusion (DEI) initiatives. In fact, they place more weight on ESG in their choice of operator (46 percent) than for other purchasing decisions (37 percent).

Responses are consistent regardless of where gamblers reside. The consumer focus on corporate ESG appears to be a global trend.

Yes, gaming customers do care about ESG:

**37%** factor ESG into their non-gambling purchasing decisions

**46%** say ESG is even more important for deciding where to gamble than in making other buying decisions

**49%** weigh ESG factors in choosing the company and/or platform they want to play with.

## The younger the gambler, the higher the importance of ESG.

At least half of Gen Z and millennial gaming customers think about ESG, whether deciding where to buy cars or place bets, more so than customers from older generations. They also are much more likely to say that ESG matters more when they spend money with gaming operators.

The younger generations' focus on ESG priorities is seen across the survey where they have a strong presence: among gamblers relative to non-gamblers, and online.

- Gaming customers care more about ESG overall than those who don't gamble. ESG factors into only 19 percent of purchasing decisions by non-gamblers compared to 37 percent of gamblers. Age is likely to play a role here—the largest percentage of gaming customers in our survey are millennials, even though survey responses fell reasonably within age targets.
- Online gamblers are more likely to make purchases based on ESG, 38 percent compared to 24 percent of land-based gamblers.

The survey findings segmented by generation are consistent with other consumer surveys and academic studies about the desire among younger generations to buy from (as well as work for and invest in) companies that share their values. While not a surprise, these survey results serve as a reminder to gaming companies that ESG matters will only become more important for growing the customer base in the coming years.

<sup>iv</sup> American Gaming Association, "Responsibility in Gaming: The Path Toward ESG" March 2022

## Gaming's other stakeholders

While we set out to better understand the gaming customer view on ESG, our discussions and findings crossed over to other stakeholders. Investors demand measurable goals and progress, increasingly required in finance and risk disclosures. Employees want to work for organizations that share their values. And regulators and policymakers have a keen eye on local economic, fiscal, and community impact in addition to ensuring compliance with laws and regulations.

U.S.-based gaming operators are expanding ESG initiatives and reporting, according to the American Gaming Association (AGA). Nearly half of AGA's members say they are developing ESG strategies around key industry issues, and a majority funded related initiatives in 2021. Two-thirds of AGA members say they have increased ESG reporting over five years.<sup>iv</sup>

Meanwhile, UK gaming companies may feel some impact of a range of regulations, including the Task Force on Climate-Related Financial Disclosures (TCFD) in the UK or the Corporate Sustainability Reporting Directive in the EU, depending on the scope of their operations.

888 Holdings plc, the UK-based operator of global online betting and gaming brands, is in the process of building out an ESG-dedicated team. The efforts follow a decision by the company's board of directors to establish an ESG committee and chair in April 2021.

The company is well aware that an ESG agenda is important to compete for talent against companies in all sectors, not just gaming, according to Vaughan Lewis, Chief Strategy Officer. This is especially true for filling the pipeline with younger employees who want to work for companies that "do the right thing."

Employees are particularly interested in how the company supports diversity and inclusion, and how it protects players, Lewis said. They also are concerned about maintaining "trust and fairness," although this can mean different things to different people and their organizations.

"Employee engagement is critical for success, so it's important to get the right framework in place to deliver on ESG goals. That means understanding what people are looking for in an employer, building out positive attributes, and addressing weak points."

Vaughan observes that investor interest in ESG is much higher among fixed income than equity managers, but pressure on the fixed income side is high and has been increasing. He added that the application of ESG to U.S. gaming will start to look more like it does in the UK as more jurisdictions increase their attention on player safety.

# Ethics: The biggest “E” in ESG for gaming companies

Understanding which ESG principles matter most to stakeholders can help gaming operators refine their ESG strategies and investment decisions. From the customer perspective, it is ethical behavior, health and safety, and making a positive impact that top the list.

It’s no surprise that consumers view ESG differently across sectors, for example, choosing an auto manufacturer based on emissions goals or rejecting a fashion designer for its labor practices. But while environmental and sustainability issues are often the primary corporate ESG focus, that’s not the case in gaming.

## Gaming operators must have ethical practices above all else.

Half of all gamblers surveyed say ethical behavior is the top ESG matter for gaming companies, garnering the highest response. Ethics comes first for gamblers across jurisdictions, as well as for non-gamblers.

Ethical behavior in betting and gaming includes safer gambling as well as broader ethical practices, including how operators advertise and use customer data. It is perhaps unsurprising to see ethics at the top given the attention placed on it by regulators and governments, from ongoing discussions in the UK around social responsibility and a recently opened data protection investigation, to emerging debates in the United States regarding the sharp increase in sports betting advertising.

## In general, gamblers expect fair dealing from gaming companies.

The vast majority of gamblers are at least neutral if not confident in honest interactions with operators, placing their greatest trust (73 percent) in receiving winnings on time, one of four measures.

They are the least confident (59 percent) in the public statements operators provide on matters such as responsible gaming, promotions, and odds. However, those who don’t have any trust at all in transparent communications is still very low, 12 percent.

<sup>v</sup> Morning Consult, “The State of Consumer Trust.” (2020)

<sup>vi</sup> Consumer Insight, “Consumer trust May 2022.”

**50%** of gaming customers say that **ethical behavior** is the most important ESG matter for operators to uphold.

Practicing ethical behavior is more than an ESG priority; failure to do so is a business risk.

**25%** of consumers have **zero tolerance for bad corporate behavior.**

**48%** would give companies **just one more chance.**

Source: 2019 AFLAC CSR Survey

Based on several surveys examining trust across industries, consumers tend to trust companies that sell them tangible products somewhat more than those involved in handling their money.

For example, U.S. and UK consumers trust food and beverage companies the most. U.S. consumers least expect insurance, finance, and real estate companies “to do what it is right.”<sup>v</sup> Survey results may reflect the consumer situation in the UK where gas and electricity providers, as well as airlines/holiday operators, have the lowest trust since COVID-19 due to canceled flights, delayed refunds, and higher energy prices.<sup>vi</sup> Overall, UK gamblers are the least trusting of operators in our survey—perhaps reflective of the tone frequently seen in the media about the industry.



## Gambler prioritization of health and safety remains high.

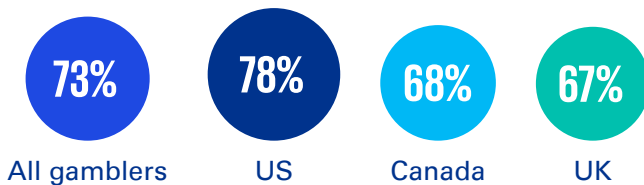
Health and safety is second, selected by 42 percent of gamblers, as a key ESG focus for the gaming industry.

During and following the height of the COVID-19 epidemic, we documented gaming customers' focus on health and safety primarily as a factor in returning to casinos. Then as now, customers expressed expectations that operators should provide a safe environment to visit, and for employees to work in. Importantly, prior surveys indicated gamblers are more likely to spend where health and safety measures are transparent.

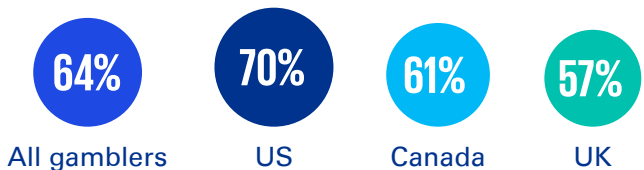
### Gambler trust in gaming operators

For each of the following, to what extent do you trust gambling operators... (percentages reflect response options 4 and 5, trust and highly trust)

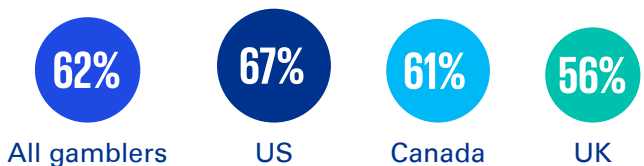
#### To pay out winnings promptly promptly



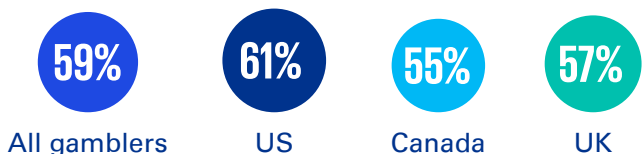
#### To protect personal data and privacy



#### To treat customers fairly (fair terms/conditions for promotions, bet settlements; clear pricing)



#### When they make public statements (related to responsible gaming, promotions, odds, etc.)



For more on health and safety in the gaming industry, review KPMG insights in [Gaming companies place their bets online](#) and [Casinos play their next hand](#).

### Communities and employees

Nearly 40 percent of gamblers point to social contribution, defined as both financial and non-financial benefits to society and individuals, as a primary gaming company focus. They also expect gaming companies to contribute more to society than companies in other sectors by 12 percentage points.

In the UK and Canada where lotteries that raise funds for good causes attract relatively high participation, gaming customers may be more likely to associate gambling with social contribution, selected by 42 percent and 43 percent respectively compared to 34 percent in the United States.

Following closely behind is economic contribution (37 percent), suggesting respondents also may be accounting for the significant taxes paid by operators to the benefit of residents across jurisdictions. Next is diversity and equity in the workforce and across suppliers and partners (36 percent), followed by 27 percent of respondents saying that training the industry workforce with valuable skills for the future is important.

While economic and community impact may rank higher among gamblers in the United States where casino resorts are more common, the industry's economic and social contribution is significant in the UK as well.

Every month, more than 22 million UK adults "enjoy a flutter, whether that's on racing, buying a lottery ticket, playing bingo and casino games, or having a bet on football," said Wes Himes, executive director for standards and innovation at the Betting and Gaming Council. "This supports a diverse and competitive sector spanning high streets to hospitality and tourism to tech." The regulated industry in the UK supports 119,000 jobs, contributes £7.7bn to the economy, and generates £4.5bn for the Treasury each year, Himes added.

Americans are somewhat more likely than UK gaming customers to say that operators should address economic contribution and workforce training, as well as address some of the ESG issues more associated with physical locations. Gaming companies with an online presence may want to emphasize their innovation, valuable technology jobs, and the other ESG contributions of their less visible operations.



# ESG strategies at play in the gaming sector today

Gaming companies have been reacting to the need for ESG strategies for the past several years. Some examples of prevalent efforts include:

## Sustainability

Land-based operators have been implementing energy reduction measures, including solar energy, central plant management, and other efforts to reduce emissions. Most of the large gaming companies have set 2030 net-zero emissions targets in alignment with Paris Agreement on fighting climate change, as well as set other goals for emissions and waste reduction. Gaming operators have focused on increasing energy efficiency and reducing emissions, including through greater use of renewable sources.

Companies also are exploring more ways to institute responsible sourcing, consumption, and recycling, which includes water conservation, the elimination of plastic waste, and reduced food waste. However, few are as focused on these areas or have set clear and defined targets.

Our survey and analysis in this paper is focused on the gaming customer. But there is another customer segment where we have already seen buying decisions influenced heavily by sustainability elements of ESG. Groups who book large conventions and trade shows often have strict and explicit requirements for sustainability practices and leverage existing ESG guidelines and standards, such as LEED certification status, in determining where to hold their events.

## Responsible Gaming

In the social realm, the focus for many gaming companies has been on responsible gaming; diversity, equity, and inclusion; and community impact.

In the U.S., most gaming operators are using AGA's Responsible Gaming Code of Conduct<sup>vii</sup> to set their RG policies, including provisions to prevent underage gambling, advertise properly, and monitor alcohol sales. There's also an increased focus on establishing a culture for player protection and gaming experience, with greater investment in RG programs and tools and emphasis on employee RG training.

In the UK, bodies such as the Betting and Gaming Council have put in place sets of minimum standards for their members, including commitments to achieve the Safer Gambling Standard administered by GamCare, the UK's largest problem gambling charity.

## DEI

The industry's increasing focus on DEI mirrors other sectors in recent years. Companies are starting to extend DEI efforts from employee and management diversity externally to grow supplier diversity as well. Several firms have also committed to increased support for their local communities, promising economic development and community revitalization through capital investment, job creation, and local business support.

## Governance

From a governance perspective, some of the largest gaming companies also have introduced improved policies and protocols for risk and governance. For example, Caesars Entertainment announced plans for a new ESG risk assessment to inform the company's risk planning and safeguarding processes.<sup>viii</sup> Others have restructured internally to better support governance and other ESG matters. MGM moved sustainability, corporate responsibility, and human resource divisions under one chief reporting directly to the president and CEO.<sup>ix</sup>

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vii American Gaming Association, "Responsible Gaming Code of Conduct" January 3, 2019

viii Caesars Entertainment, "Environment, Social and Governance (ESG) Update 2020-2021

ix Governance of Environmental & Social Responsibility, MGM

**Ethics may come first for gaming, but protecting the environment is most critical for all companies.**

Energy consumption and emissions isn't considered a top-five ESG focus in the gaming industry among gamblers, but the largest percentage (56 percent) identified it as important for all companies across sectors.

The difference in views may indicate belief that operators can do more to protect people with responsible gaming and management than they can by reducing their carbon footprints. And perhaps the large and growing number of online gaming customers may think first about the player protection tools they see on their apps and the ethics of the gaming companies that run them, rather than the physical technology facilities.

There also are some indications that consumers may view ESG differently for industries in which the impact is readily seen. Another KPMG survey found that at least half of consumers say sustainability has become a greater factor during the last 12 months in purchasing consumer-packaged goods and utility services, as well as spending money with travel/tourism companies and retailers. Fewer say that ESG is more important in their purchasing decisions with insurance providers (37 percent) and banks (40 percent).<sup>x</sup>

Given the above, we dedicate significant discussion in the following pages to responsible gaming as well as other matters that fall under the ethics umbrella, including gambling advertising and customer data management.

**Most important ESG matters for gaming companies, according to gamblers**

(Respondents were asked to select all that applied)

**Ethical behavior**

Operating an ethical and anti-corruption environment supported by responsible information management and practices

**50%**

**Health and safety**

Providing access to non-occupational health and medical, and reducing the incidences of work-related injury

**42%**

**Social contribution**

Generating and delivering financial and non-financial, societal, and individual contribution

**39%**

**Economic contribution**

Delivering economic benefit, maximizing investments and returns, and providing/accessing sustainable capital

**37%**

**Diversity and equity**

Creating a diverse, inclusive, and equitable environment both within the enterprise, and across suppliers and partners

**36%**

**Risk and opportunity oversight**

Delivering agile and effective identification, mitigation and compliance of principal material risks, and opportunities affecting the enterprise

**28%**

**Workforce and skills for the future**

Building the skills and experience across the workforce required to meet the needs for today and tomorrow

**27%**

**Energy and emissions**

Reducing energy consumption, transitioning to renewables sources, and taking immediate action on emission production

**23%**

Gaming customers place more environmental responsibility on other industries.

**56%** say that the most important ESG initiative for all industries is to reduce energy consumption and lower carbon emissions. But only

**23%** say it's important for gaming companies.

<sup>x</sup> KPMG consumer research 2022



Smoking has long been a subject of debate for casinos, with decades of industry claims that banning smoking would lead to a reduction in gambling revenues. The COVID-19 pandemic offered a researcher's dream experiment: with many smoking bans put in place for health and safety purposes, how would gambling revenues respond? Well, several operators kept the smoking ban and still saw soaring revenues as pandemic restrictions were lifted, in some cases even performing better than the casinos who lifted their smoking bans. There appears to be a major shift in priority for both operators and gamblers: one of health and safety first."

**Brett Abarbanel, PhD**

**Director of Research, Associate Professor**

University of Nevada, Las Vegas,  
International Gaming Institute

## No-smoking rules: ESG personified on the casino floor

One of the more unique manifestations of ESG in casino operations is the concept that companies are responsible for protecting customers and employees from second-hand smoke.

While our latest survey did not gather views on smoking specifically, 53 percent of U.S. gaming customers agree that factors such as smoking policies in casinos (in addition to responsible gaming, DEI, data privacy/security, and energy usage) are important when they're considering where to gamble.

Respondents tended to associate no-smoking rules with protections against problem gambling, according to their comments. "Not aware of additional protections but I do know that no smoking in casinos (and other places) has greatly reduced harm to employees," one replied. "I wish more [had] non-smoking areas," said another.

In our previous survey, U.S. customers gave casinos the lowest marks on the personal health measures report card for handling smoking in gambling areas; only 61 percent of customers returning after COVID-19 closures said that operators were performing well.<sup>xi</sup>

Back then we identified smoking restrictions as an area of focus. Today, attention is greater as smoking and its health effects have become wrapped up in the ESG movement.

The UK provides an interesting case study for U.S. operators anticipating changes to smoking rules. When UK smoking regulations were enacted in 2006, operators of gaming businesses were concerned the ban would force smokers outside and away from gaming, soon to be followed by their non-smoking friends. That concern was borne out in the financials, with revenue reductions of up to 50 percent in some sites, according to Hippodrome CEO Simon Thomas.

While planning the new Hippodrome Casino in London, management shifted their approach from resistance against regulation to pleasing both customers and staff, resulting in an elegant solution through effective casino design.

"We have carefully designed tables on our terraces which are naturally well ventilated, satisfying demand, while also having an opt-in policy for casino staff as to whether they are comfortable working on those tables," Thomas said. "The result has been that these are the most profitable tables on our property, satisfying the smokers, while not having smoking inside improved our overall environment inside, pleasing the non-smokers."

<sup>xi</sup> KPMG, "Casinos play their next hand." (2020)



## Personal experience influences ESG opinions

Several interesting patterns arise when we segment responses by age and location, making it clear that operators can't take a one-size-fits-all approach to reaching all of their current and potential customers.

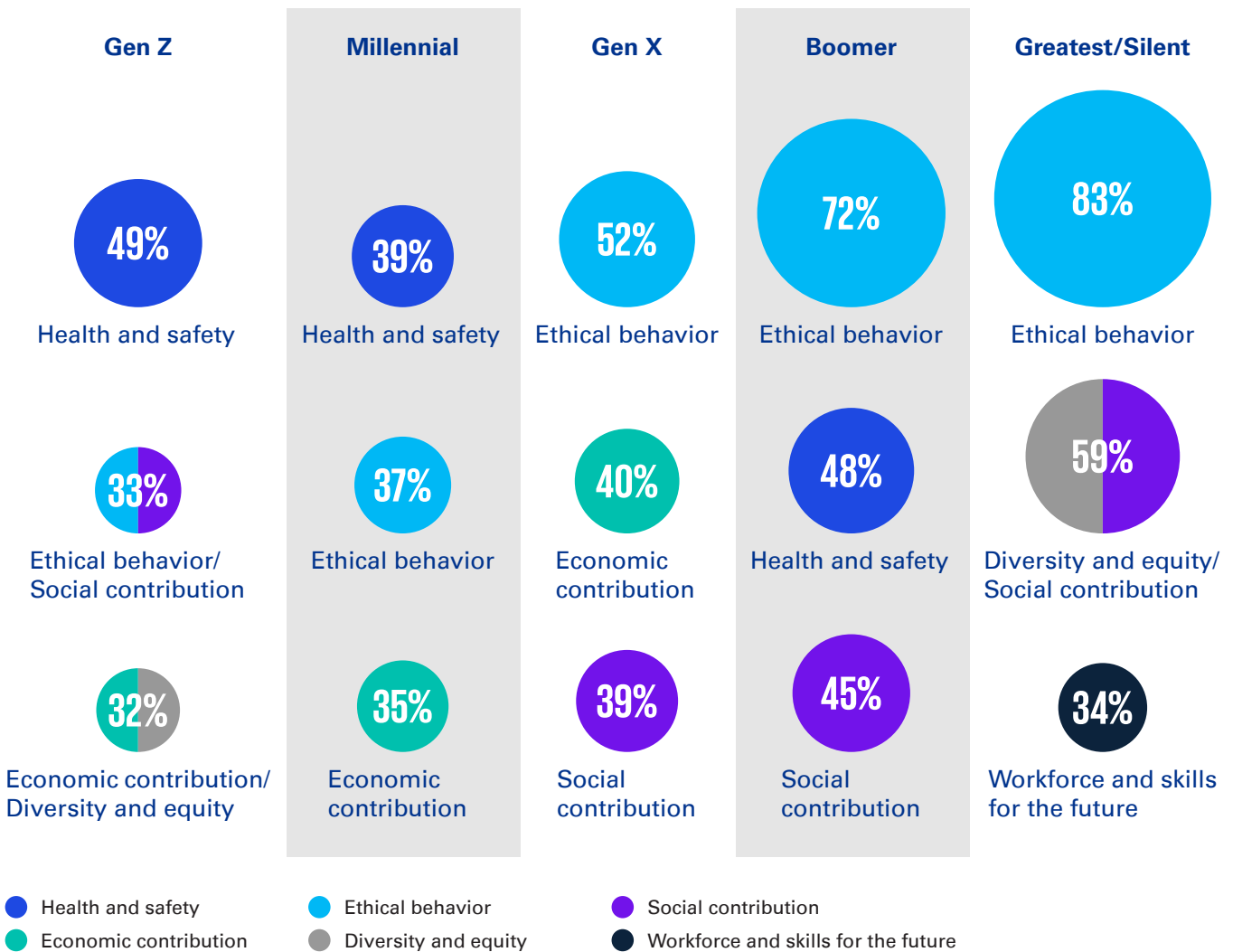
As discussed, more gamblers in the UK and Canada than in the United States think social contribution from the gaming industry is important. When we asked who should take on the primary responsibility for ESG matters—individuals, the company, or both—more Americans believe social contribution is an individual responsibility (20 percent) than UK (15 percent) or Canadian gamblers (13 percent).

In fact, U.S. gamblers were more likely to choose personal responsibility over corporate obligation across several ESG categories. Meanwhile, Canadian gamblers were more likely to say that ESG responsibilities are shared.

The era in which gamblers grew up likely has an influence as well. Ethical behavior is the most important ESG principle for gaming companies according to gamblers from the Gen X generation and older. At the same time, a larger percentage from the Gen Z and millennial generations also emphasize the need for operators to address environmental issues, including resource circularity and ecology in addition to lower-carbon energy. Such results make sense given that these younger gamblers have grown up under the specter of climate change.

Health and safety is of significance to younger gamblers likely due to their tendency to have higher social activity (like attending events and traveling) combined with postpandemic sentiment towards the standards gaming operators should uphold for customers and employees.

## Most important ESG matters for gaming operators according to gamblers, by generation.



# 03

## The gap between customer interest and ESG awareness

The gaming industry’s ESG efforts, including player protection, are not as well known as they could be.

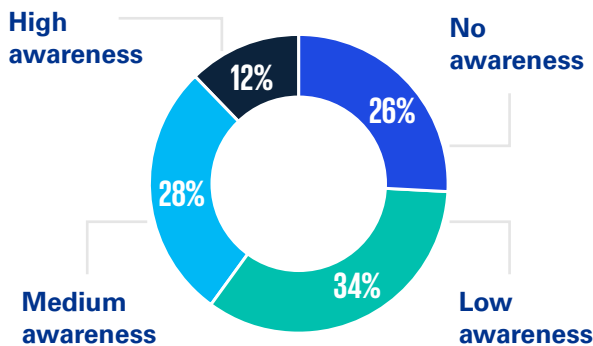
### Sixty percent of gamblers know little or nothing about how operators adhere to ESG principles.

One-third describe their awareness of operator ESG as low, and one-quarter say they don’t know anything at all. So while our earlier findings noted that customers are looking to patronize gaming companies that embrace ESG, they are struggling to access and assess the information needed to make such choices.

Many operators, suppliers, and others are publishing information about their ESG strategies and metrics. Sustainability and other corporate responsibility reporting is increasingly required for financial and regulatory purposes, and more companies are dedicating website real estate to describing their ESG efforts. However, customers may not see it, or it’s not presented in a way they can use in making decisions.

Gamblers are not especially aware of the player protection tools available, despite the importance of responsible gaming as a critical ESG-related issue for the industry. We find this varies across geographies.

### Gambler awareness: Gaming operator adherence to ESG principles



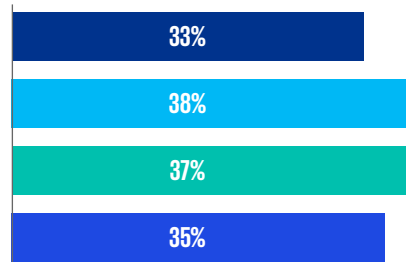
To what degree are you aware of how various gambling operators adhere to ESG principles?

### Percentage of gamblers with no awareness/who have not used common player protection tools, by location

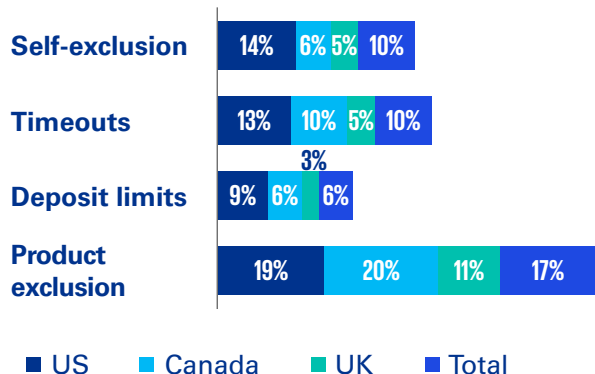
How effective are each of the following types of player protections? (percentage who answered “not aware”)

Have you ever used any of the following types of player protections? (percentage who answered “none of the above”)

#### Have not used the player protections mentioned



#### Not aware of the player protections mentioned



**Forty-five percent of gamblers consider an operator’s player protection before deciding to gamble.**

A gaming operator’s approach to protecting players is important to many gamblers, consistently across borders. But an even greater percentage don’t know much about what those protections entail.

**Nearly half of all gamblers have little or no knowledge about player protection tools, with some pockets of greater awareness.**

In the UK where RG measures have been in place longer and more widely promoted, 60 percent of gamblers have medium and high awareness of player protection tools. That compares to 46 percent in Canada and 48 percent in the United States. New York and Texas gaming customers have somewhat more knowledge than the average U.S. gambler, 55 percent and 53 percent, respectively.

**Online and mobile app gamblers tend to know more about operator ESG initiatives, including player protection.**

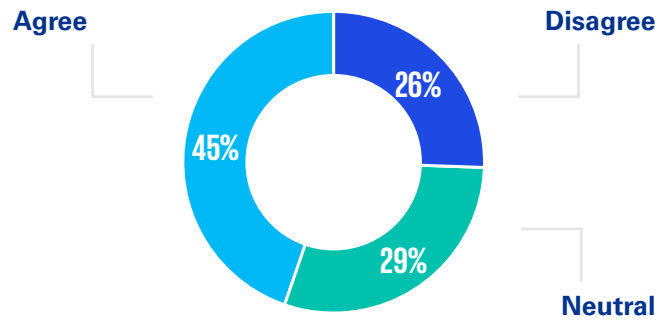
Those who placed bets virtually within the last six months are more familiar with ESG at the gaming companies they chose, as well as with RG, compared to those who gambled at casinos or other land-based operations.

The especially high level of awareness among those who access gambling everywhere, 96 percent, may simply reflect familiarity driven by frequency. It’s an important finding to note, as newer studies indicate mixed-mode players could be at greater risk for problem gambling while online gamblers may be less at risk than previously thought.<sup>xii</sup>

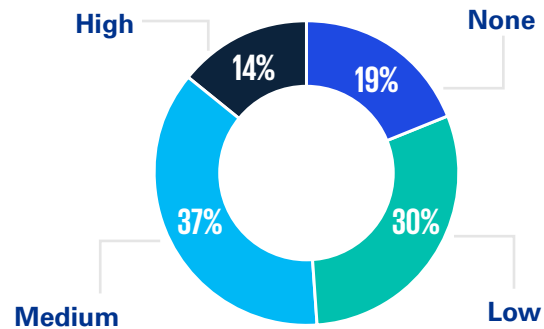
By comparison, approximately 80 percent of online/mobile app-only and 70 percent of casino-only gamblers have at least some familiarity with RG tools. The 10-point difference between these groups can be attributed at least in part to the nature of online gaming, where in-app player protection tools are built in and highly visible. Finally, given online gaming’s younger demographic, it’s not surprising that 90 percent of millennial and Gen Z gamblers have at least some awareness about RG tools, compared to 68 percent of baby boomers.

**45%** of gamblers decide where to play based in part on an operator’s player protection tools.

**Gamblers consider operators’ player protection tools and approach when deciding whether to gamble with them or not.**



**Gambler awareness: Player protection tools**



<sup>xii</sup> UNLV International Gaming Institute, “Sports Betting and Consumer Protection.” (August 10, 2022)



## Responsible gaming tools: An opportunity to expand usage

Gamblers choose operators based in part on their player protection approach, yet there's room to increase player awareness of widely available responsible gaming tools.

Safer gambling—both a social and governance aspect of ESG in the gaming industry—has been one of (if not) the most widely debated topics in gambling regulation in recent years. Until now, little research has been published to determine how gaming customers view the safer gambling agenda, including whether they are even aware of the availability and effectiveness of RG tools.

### The majority of gamblers have used at least one responsible gaming tool.

We asked gamblers about the most common RG tools available through gaming operators (product exclusion, self-exclusion, timeouts, and deposit limits) and found that 65 percent have used at least one of them. However, several of those tools are underutilized and sometimes not familiar to customers, particularly in North America. Our findings also underline the difference in awareness between North American jurisdictions and the UK, where government rules on gambling are top of mind.

### Still, more than one-third of all gamblers are not using any common RG tools.

Even though more than half of gamblers say that each of those tools are effective, only 35 percent have actually put any of them to use. This suggests gamblers may hold prior beliefs on the relative effectiveness of tools ahead of using them or believe their own behaviors do not require them.

In the United States, operators need to up their game raising RG tool awareness, especially relative to the UK. However, questions remain about how much higher RG tool usage can go, and how effective each tool is in preventing problem gambling. Does 35 percent leave room for improvement or represent respectable adoption?

**65%** of gamblers have used at least one responsible gaming tool and at least half find them effective,

but **35%** of gamblers haven't used any RG tools at all.

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“Both research and policy on self-limit tools should include assessment of what an ideal uptake rate would be, as the ideal rate is not yet known,” according to *Sports Betting and Consumer Protection*, a report from UNLV International Gaming Institute (IGI). “A 100 percent uptake rate would be unrealistic since many gamblers self-regulate without the use of tools.”<sup>xiii</sup>

Customers who have participated in both online and in-person gambling recently are more familiar with RG tools, use them more, and find them more effective. For example, they are much more likely to have used deposit limits (53 percent compared to 36 percent on average) and find them effective (77 percent compared to an average of 63 percent).

As discussed earlier, these mixed-mode players may gamble more frequently and therefore have greater comfort using player protection. Meanwhile, in-person gamblers don't use RG tools as much or find them as effective as online and mobile gamblers.

<sup>xiii</sup> UNLV International Gaming Institute, “Sports Betting and Consumer Protection.” (August 10, 2022)

**Deposit limits are the most used and valued RG tool; product exclusion is the least used and known.**

More than 40 percent of gamblers use deposit limits, making it by far the most commonly used RG tool. Two-thirds of them feel that the tool is helpful in maintaining reasonable gambling budgets.

In contrast, product exclusion allowing players to block themselves from certain games is used by only 14 percent of gamblers. Nearly one in five gamblers in North America aren't aware of the tool.

In addition to asking survey respondents about four specific RG tools, we asked them to comment on any other player protection safeguards. A few mentioned on-site signage, online messaging, and advertising about hotlines for gambling addiction. Several North American respondents namechecked GameSense, the RG platform from the British Columbia Lottery Corporation that a number of North American gaming companies have incorporated into their products.

Online gaming company Entain plc (Entain) saw a 91 percent reduction in customers continuing to play in risky manner by giving them what they want overall—a personalized experience.

Over the last two years, Entain has rolled out a preventative approach, known as Advanced Responsibility and Care (ARC), with academia-informed AI technology that identifies customer patterns and markers, according to Grainne Hurst, director of public affairs. Those markers can be used proactively to engage with individual players and influence their use of the company's many RG tools.

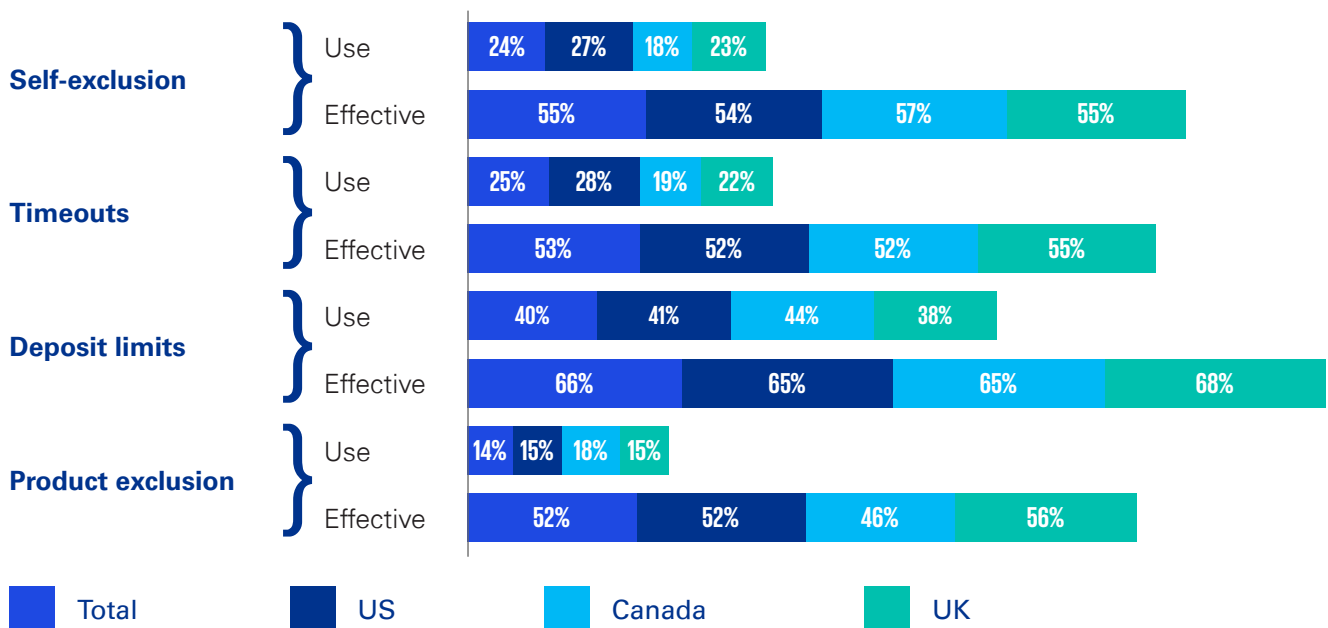
"We personalized protections not because customers weren't using our tools, they were," she said. "But we realized customers are truly individuals in how they play, what they play, where and when, etc. They want to personalize their gaming experience, so why not personalize their player protection, too?"

**66%** of gamblers believe that deposit limits are effective in protecting players.

**40%** of gamblers use deposit limits.

**Gambler use and assessment of common player protection tools, by location**

Percentage of gamblers who think the tool is effective  
 (1 = not at all effective, 5 = very effective, top and bottom two boxes presented)  
 Percentage of gamblers who use the tool



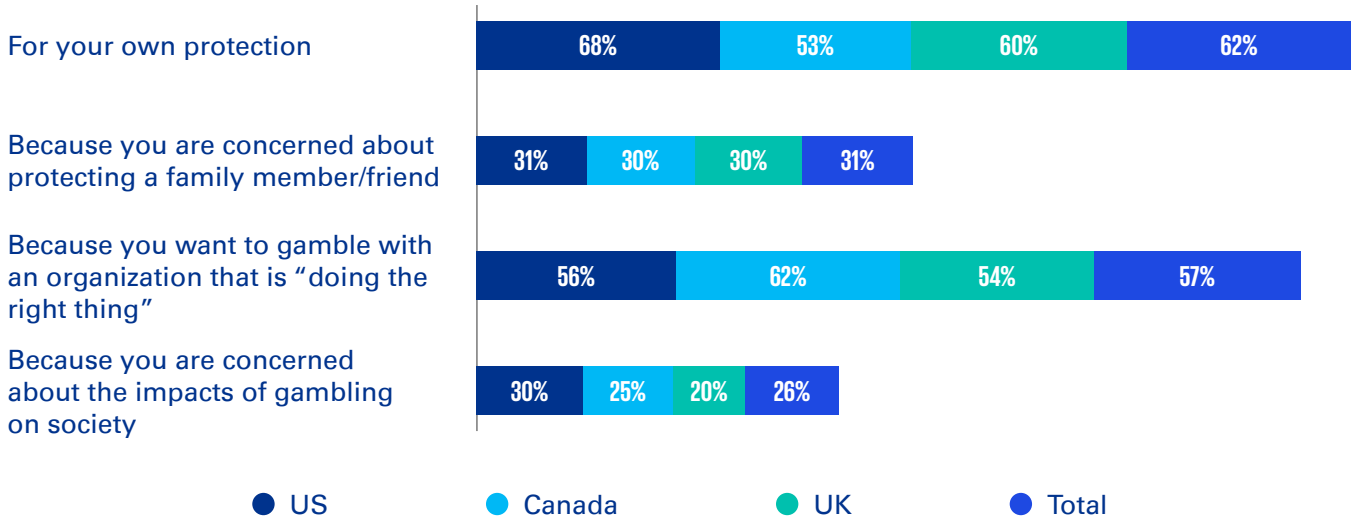
**Gamblers want gaming operators to offer RG tools for their own protection, and because it’s the right thing to do.**

The largest percentage of respondents emphasize the importance of RG tools for their own protection, more than any other consideration of a gaming operator’s approach. They are far less concerned about the impact on society and the people they know.

“Doing the right thing” is the second-highest reason overall. The percentage of gamblers who consider if operators are helping protect players is in line with the importance they place on ethical behavior by gaming companies. The emphasis is flipped for Canadian gamblers, as more expect their operators to offer player protection as the right thing to do (62 percent) more than for themselves (53 percent).

**Motives for considering an operator’s player protection tools and approach**

What are the main reasons for considering a gambling operator’s player protection tools/approach? (Select all that apply.)



Responsible gaming is an ESG principle unique to the sector and one that drives customer choice. Gamblers say they make decisions on where to play based on operators’ player protection tools and approach, even while they sometimes lack knowledge about availability and effectiveness.

Overall, the survey results suggest that there are RG tools that gaming operators can better highlight, including self-exclusion and timeout tools for U.S. customers in addition to production exclusion across all markets. Awareness in the UK is generally the highest but given the continued attention on responsible gambling in recent years, one may have expected a larger difference compared to North America. Further research can help identify the effectiveness and usage of individual RG tools, particularly as technology develops.



# Hot topics getting hotter: Advertising and data practices

Gambling advertising and customer data practices are under scrutiny by policymakers and regulators. Gaming customers aren't expressing as much concern—with some key geographical differences.

The amount and frequency of gambling advertising has increased globally as legal sports betting expanded and grew in popularity.<sup>xiv</sup>

Advertising in the UK expanded over the past few years with peaks during lockdowns. Operators have been preparing for more sweeping changes to rules since a government review was opened into the sector. Meanwhile, gaming companies have increased television ad spending in the United States nearly two-and-a-half times in one year, to \$725 million in 2021 from \$292 million in 2020.<sup>xv</sup>

It's enough to catch the attention of regulators and lawmakers who are looking into how gambling advertising's frequency and message are affecting vulnerable populations, including children and problem gamblers. The average gambler, however, isn't seeing many problems at all.

## Most gaming customers are fine with the practice, volume, and messaging of gambling advertising, but those in the UK are generally less agreeable.

Two-thirds of gamblers surveyed think it's acceptable for gaming operators to advertise, a practice more acceptable to U.S. respondents, 74 percent, compared to 54 percent of UK gamblers. Meanwhile, the percentage of UK gamblers surveyed with negative views (less or not acceptable) was three times greater than Americans, 18 percent compared to 6 percent. This may reflect the current discussions on potential advertising restrictions in the jurisdiction.

"As long as gambling is legal, advertising is acceptable," one U.S. survey respondent commented. "No different than advertising for alcohol. The message is to be responsible in how you use the product."

Four out of five gaming customers have no issues with how much gambling advertising they see and hear across formats when neutral responses are taken into account, and 61 percent find the volume acceptable. The results were nearly identical when gamblers were asked if the tone and messaging of gambling advertising is acceptable, i.e., appropriate for children, respectful, fair, and truthful.

Again, there are some geographical differences. U.S. gamblers are more likely to find the amount of advertising very acceptable (35 percent) compared to those in the UK (23 percent) and Canada (27 percent), as well as more accepting of the messages contained within.

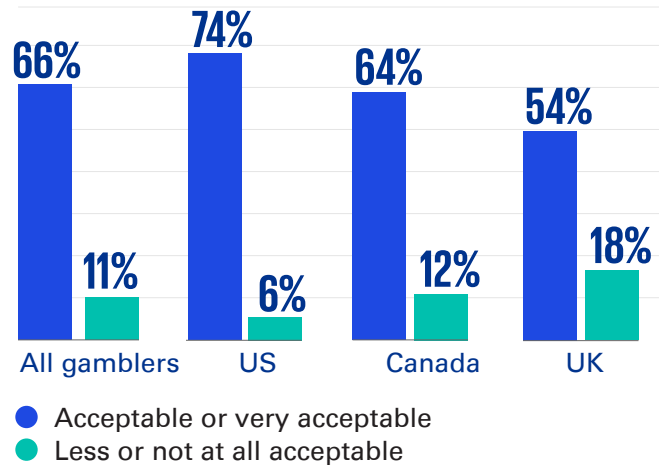


As long as gambling is legal, advertising is acceptable"

— Survey respondent from the U.S.

## Gambling customer acceptance of advertising

Regardless of any gambling advertising you may or may have not seen or heard recently, do you think it is acceptable for gambling operators to advertise?

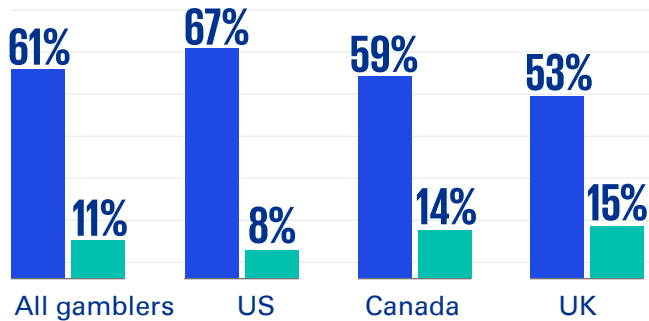


<sup>xiv</sup> International Journal of Mental Health and Addiction, "A Thematic Analysis of Sports Bettors' Perceptions of Sports Betting Marketing Strategies in the UK." September 21, 2020

<sup>xv</sup> Barron's, "New Data Show Enormous Growth Rate in Gambling Ads." (February 10, 2022)

## Gambler views on advertising volume

Considering the advertising you have seen or heard recently—this could be on digital/social channels, TV, radio, billboard, print, etc.—is the volume or quantity of gambling advertising acceptable?



- Acceptable or very acceptable
- Less or not at all acceptable

It's little surprise that the non-gamblers we surveyed were less than enthusiastic about advertising from gaming operators. Approximately one in five non-gamblers responded that there's too much gaming advertising (20 percent) that they don't like that much in the first place (22 percent). One in three find the content unacceptable (33 percent).

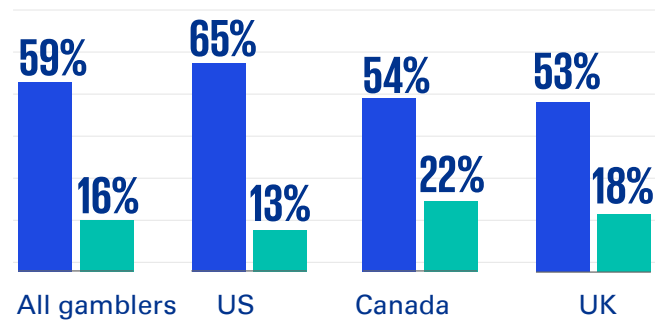
Why should operators care about someone who will never use their product or service? Corporate ESG responsibilities are a much larger concern than pleasing one stakeholder group. A truly comprehensive strategy encompasses everyone who could be impacted by or care about a company's ESG actions, from residents in the surrounding community to industry watchdog groups, and brand fans to critics.

### Advertising has more influence on brand choice than it does on the desire to gamble.

Gambling advertising can stimulate the desire to play, according to more than a third of gaming customers surveyed. Based on advertising they have seen, gamblers are not likely to increase how much or how often they gamble (64 percent are neutral or less likely), nor are they more likely to gamble with a specific brand/operator (54 percent are neutral or less likely).

## Gambler views on advertising tone and messaging

Considering the advertising you see on a day-to-day basis, is the tone and messaging of gambling advertising acceptable—for example, is it appropriate for children, respectful, fair, and truthful?



- Acceptable or very acceptable
- Less or not at all acceptable

This is in line with the conclusions of existing academic research that has struggled to find causal links between advertising and problem gambling.

Furthermore, and key for operator marketing budgets, advertising is more likely to drive existing gamblers to specific brands than to simply gamble more. However, there's another factor with greater impact on gambling behavior.

### The chance to bet on specific sporting events is far more influential than advertising.

This is especially true in the UK where sports betting has been legal for much longer. Nearly twice the percentage of UK gaming customers say they are more likely to gamble based on specific sporting events (64 percent), such as Premier League and FA Cup games, than they are to be influenced by advertising (33 percent). In the United States, more gamblers choose to play with brands based on advertising (49 percent) than gamble based on a sporting event (45 percent), but that's likely to change.

As of August 2022, 20 states and the District of Columbia allowed online wagers on sports, and six states had legalized sports betting with legal wagering to come.<sup>xvi</sup> U.S. sports betting is expanding exponentially through a growing patchwork of jurisdictions with varied restrictions, compared to the UK's more focused national oversight.

If more U.S. regulators and lawmakers view sports betting as fueling problem gambling, they will likely look to the UK and other regulated markets to see which initiatives are most effective. Meanwhile, the safeguards the UK has already put in place to help control the sports-driven problem gambling—including bans on credit cards for online gambling and a “whistle-to-whistle” ban on TV commercials during live sports—are still not enough for those calling for even more restrictions and an outright gambling advertising ban.<sup>xvii</sup>

Based on gaming advertising gamblers have seen:

**45%** are more likely to select a specific brand or operator.

**37%** are more likely to gamble more, or more often.

**50%** of gamblers are driven mainly by specific sporting events.

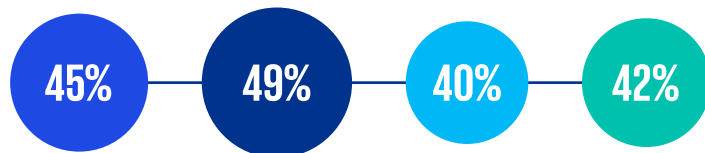
### The influence of advertising and sporting events on gambler activity and brand choice, by location

Based on the gambling advertisements you have seen, how likely are you to do each of the following? (select one per row)

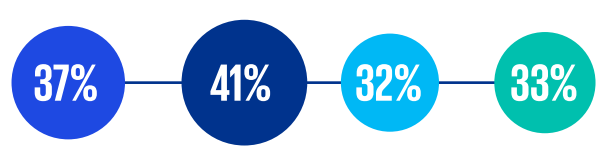
Is your gambling mainly driven by specific sporting events (e.g., the Superbowl, March Madness, Stanley Cup, FA Cup Final)? (select one)

#### Higher likelihood of...

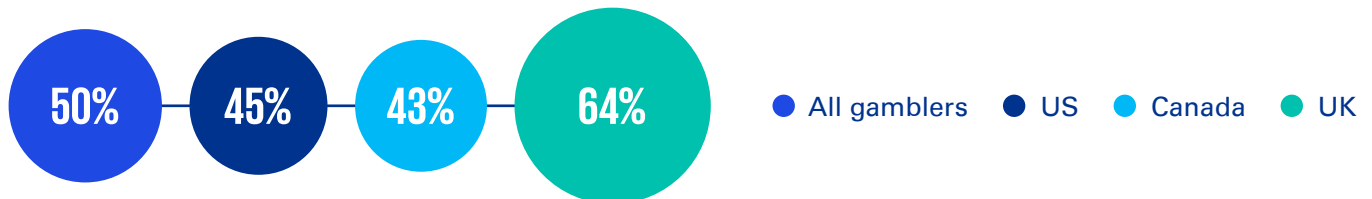
Gambling with a specific brand/operator based on advertising



Gambling more or more often based on advertising



#### Gambling mainly driven by specific sporting events



<sup>xvi</sup>The Wall Street Journal, “As Online Gambling Grows, So Does the Financial Crime Risk.” (August 29, 2022)

<sup>xvii</sup>Wired, “Has the US Learned Nothing From the UK’s Gambling Woes?” (June 12, 2022)

**In general, younger customers respond more to influential events and experiences.**

Gen Z and millennial gamblers are more driven by the excitement of betting on an event or by advertising than those from older generations.

Online and mobile app gamblers are more likely than those who gamble on premises to say advertising increases how much or how often they gamble (39 percent versus 20 percent) and draw them toward a specific operator (48 percent versus 30 percent).

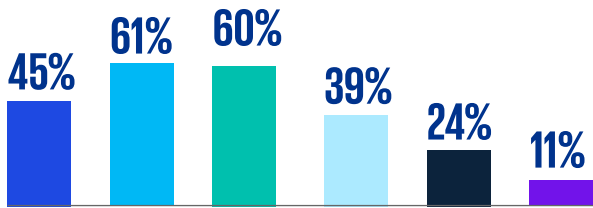
**The influence of advertising and sporting events on gambler activity and brand choice, by generation**

Based on the gambling advertisements you have seen, how likely are you to do each of the following? (select one per row)

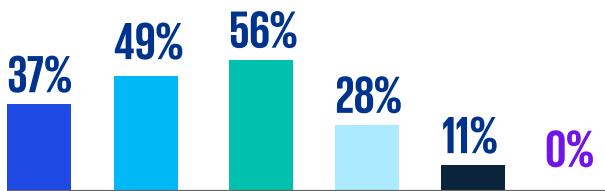
Is your gambling mainly driven by specific sporting events (e.g., the Superbowl, March Madness, Stanley Cup, FA Cup Final)? (select one)

**Higher likelihood of...**

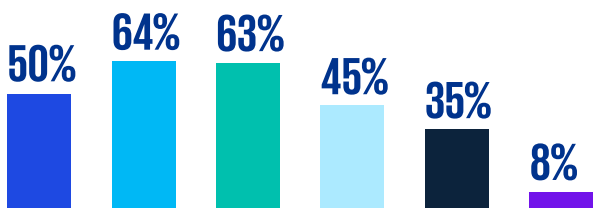
Gambling with a specific brand/operator based on advertising



Gambling more or more often based on advertising



Gambling mainly driven by specific sporting events



- All gamblers    ● Gen Z    ● Millennial
- Gen X    ● Baby Boomer    ● Silent/Greatest



This report’s findings underscore the innovation necessary to integrate responsible gambling into advertising practices. With younger audiences more engaged with advertising, gambling operators can capitalize on the evolving world of social media marketing. Use of influencer marketing, for example, can simultaneously promote gambling products while also normalizing use of RG tools and other consumer protection practices. There is significant potential here to normalize healthy gambling practices by making them a standard part of the way influencers communicate with their audience. This also may bring about a shift in public perception of gambling advertising, offering a more sustainable environment for advertising practices in media and sports.”

**Brett Abarbanel, PhD**

Director of Research, Associate Professor  
University of Nevada, Las Vegas,  
International Gaming Institute





**64%** of gamblers trust gaming operators to protect their **personal data and privacy** with clear geographical differences in the level of trust:



**Gamblers are relatively trusting of gaming companies to protect their information.**

Personal information and behavioral data help gaming companies target customers and enhance the player experience, and most gamblers say they trust operators to safeguard it.

However, certain stakeholders are more wary of not only how data is protected but how it’s used, as are lawmakers and regulators charged with overseeing the issue.

More than half of UK gamblers (57 percent) trust operators to protect their information, although that’s lower than the Canadians (61 percent) and Americans, the most trusting (70 percent).

The Data Protection Act 2018 covers UK residents, and Canada has one privacy law covering the federal government and another for business. While the United States does not have a uniform data privacy protection law, five states have passed comprehensive consumer privacy laws and others have similar legislation introduced or in committee.<sup>xviii</sup>

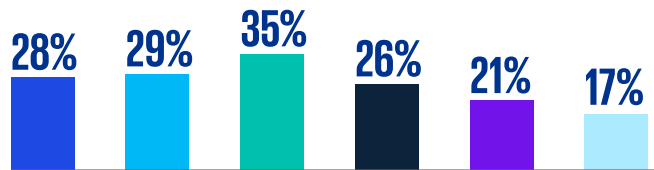
**Younger generations are more focused on how gaming operators use their information.**

Gen Z and millennial gamblers think customer data usage is an important issue, and as heavier app users, they may be more familiar with targeting practices. However, there’s some split among them. Millennials are more likely to find that implications are more serious when the gaming industry uses personal data to target individuals (35 percent), while Gen Z gamblers are more likely to think the greater danger is use by other industries (45 percent).

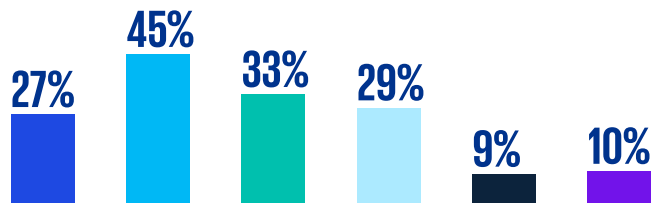
**Gambler view on leveraging personal data to target customers, relative to other industries**

Many online businesses target individuals with advertisements based on factors such as internet search history and spending habits. Are the implications that result from this more serious/important to the gambling industry than other industries?

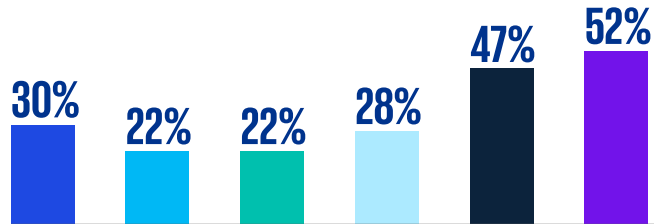
The implications are more serious/important for the gambling industry



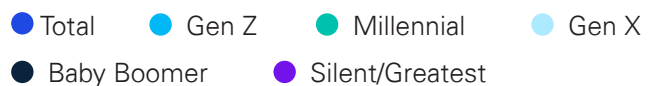
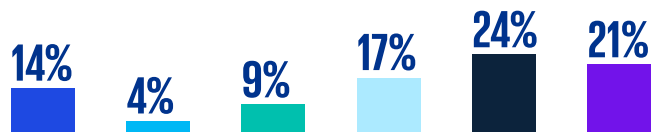
The implications are more serious/important for other industries



The implications are equally serious/important for all industries



Not sure



<sup>xviii</sup>The New York Times, “The State of Consumer Data Privacy Laws in the US (And Why It Matters).” September 6, 2021.



# Looking ahead

Given the broad spectrum of ESG principles, gaming companies can tailor their strategies in ways that best fit the jurisdictions in which they operate, the unique characteristics of their customer base, and their gaming presence: online, land-based, or both.

And while customers are not the only stakeholders from an ESG perspective, the insights they offer are valuable to the entire gaming ecosystem. Understanding the ways in which ESG determines how and where people play can help all businesses across the industry thrive while helping ensure gamblers are safely entertained.

The gaming customers we surveyed were clear: they expect the industry and individual operators to uphold ESG principles, and to prioritize ethical behavior. There's no daylight between an operator's ESG strategy and responsible gaming, a topic as important to the sustainability of the gaming industry as energy-saving actions are to environmental sustainability.

Gaming companies receive good marks for offering player protection, but survey responses make it clear that they need to elevate customer awareness around RG tools and practices, as well as other important ESG efforts. Furthermore, gaming advertising and customer data and privacy are gaining the attention of regulators and lawmakers. These issues will only grow in importance for customers as the industry attracts younger generations more comfortable with online gaming and familiar with the downsides of new technologies.

Corporate adherence to ESG is necessary for gaming companies to meet their regulatory and shareholder requirements and reduce risk, but it's no longer a simple "check-the-box" exercise. A strong and thoughtful ESG strategy creates growth opportunities, attracting customers who will reward the gaming companies who share their values with business and loyalty.





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Adam Rivers is a partner and the Gaming sector leader for the KPMG Consulting practice in the UK. He has advised on regulatory matters for some of the largest transactions in the past decade; guided both private sector clients and international regulators during regulatory change; and overseen various complex data analytics projects, including studies of safer gambling. Adam's practice brings sector-specific insights to projects including operational transformation, technology, and strategy. As a member of the KPMG Economics team, Adam also is a regular publisher of thought leadership and speaks around the globe on the economics of the gaming sector.

## About KPMG

KPMG gaming and hospitality professionals combine their experience with specialists across the firm to help navigate the issues critical to industry success. In addition to core audit and tax services, we can assist gaming companies in a wide array of areas, including customer experience, technology enablement, mergers and acquisitions, process improvement, internal audit, cybersecurity, and risk management and controls. We work across all sub-sectors within gaming: land-based operators, online operators, tribal, suppliers, lotteries, racing, and social gaming.

Looking beyond today, our team works with industry participants to develop strategies for growth and leverage the data, analytics, automation, and artificial intelligence technologies that can transform companies. KPMG also works with companies around the world to support their goals and strategies for a sustainable future, including projects to help develop and implement responsible gaming programs and practices.

Visit [our portal](#) for the latest insights in the gaming space.

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